

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3342-07  
Bill No.: HCS for SCS for SB 887  
Subject: Drugs and Controlled Substances; Department of Health and Senior Services  
Type: Original  
Date: May 3, 2010

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Bill Summary: This legislation adds certain substances to the list of controlled substances, which include lacosamide, tapentadol, Fospropofol, 5-MeO-DMT, Carisoprodol, and spice cannabinoids. This legislation would exempt utilities, machinery, and equipment used in data storage from state and local sales and use tax. This legislation creates the “Political Subdivision Construction Bidding Standards Act.” This legislation transfers the Missouri State Water Patrol to the Division of Water Patrol within the Missouri State Highway Patrol. This legislation would have a change to assessment of property. This proposal modifies provisions of law regarding taxes. The proposal revises provisions relating to public safety. This proposal modifies provisions relating to enhanced enterprise zones. This legislation makes other legislative changes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
General Revenue*	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\*Oversight assumes total cost will exceed total savings.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 36 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
State Highways and Transportation Department	Unknown to (\$1,200,000)	Unknown to (\$1,200,000)	Unknown to (\$1,200,000)
Gaming	\$0	\$0	\$0
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation Commission	(Unknown)	(Unknown)	(Unknown)
Parks, and Soil and Water	(Unknown)	(Unknown)	(Unknown)
Missouri State Water Patrol	\$0 or \$2,500,000	\$0 or \$2,500,000	\$0 or \$2,500,000
Road	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds*</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\*Oversight assumes total cost will exceed total savings.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
General Revenue	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>Unknown to (Unknown over \$100,000)</b>	<b>Unknown to (Unknown over \$100,000)</b>	<b>Unknown to (Unknown over \$100,000)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Health and Senior Services, Office of Administration-Administrative Hearing Commission, Department of Social Services, Joint Committee on Public Employee Retirement, St. Louis County Government, Jefferson City Police Department, University of Central Missouri, Metropolitan Community College, Missouri Consolidated Health Care Plan, Missouri Senate and the Department of Insurance, Financial Institutions & Professional Registration** each assume the proposal would have no fiscal impact on their respective agencies.

ASSUMPTION (continued)

Officials from the **Department of Natural Resources, Office of the State Courts Administrator, Missouri State Governor, Missouri State Auditor, Office of Administration-Budget and Planning, Missouri State Employee Retirement System, DeKalb County, Daviess County, Francis Howell School District, Parkway School District, Public Water Supply District #2 St. Charles County, Office of the Secretary of State, Cass County and the Boone County Sheriff's Department** each have not responded to Oversight's request for fiscal information. Oversight has used responses from similar proposals for these agencies.

In response to similar proposals, officials from the **Office of the State Courts Administrator, Missouri State Governor** and the **Missouri State Auditor** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **City of Kansas City** assume this proposal would have a negative fiscal impact on their organization.

Officials from the **Department of Mental Health** assumes that one county (Boone) is intended in this legislation, therefore an annual cost of \$30,000 is projected.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume portions of this proposal would appear to result in the assessment of fines or penalties. In that regard, DESE has the following comments: To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to school districts increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Portions of this proposal would appear to create or modify tax credits. In that regard, DESE has the following comments: Tax subsidies reduce the state's tax revenues and decrease the amount of money available for public schools and all public school students.

In response to similar proposals, officials from the **Office of the Secretary of State (SOS)** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative

ASSUMPTION (continued)

session. The fiscal impact for this fiscal note to SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

**Section 21.870:**

In response to a similar proposal from this year (HB2372), officials at the **Department of Natural Resources** assume since the department has responsibilities and authorities in this area, the department would be involved with the committee's work to the extent necessary. For purposes of this fiscal note, the department assumed our costs would involve providing information already available to the program and the program would not see a significant increase in the amount of staff time spent for research, data collection, and preparation of reports.

However, if the Joint Committee required a significant amount of research in areas not presently within the program's purview or collection of new data from the public, this could impact the program's core efforts. The program has had to reduce services due to funding shortfalls which would make it difficult to absorb any additional responsibilities without additional resources.

**Sections 36.031, 43.040, 43.050, 43.392, 44.020, 44.024, 44.045, 58.445, 104.810, 301.716, 306.010, 306.165, 306.167, 306.168, 306.185, 542.261, 544.157, 577.090, 650.005:**

Officials from the **Department of Public Safety**, on behalf of the **Highway Patrol (HP)** and **Water Patrol (WP)**, assume this legislation will have significant impact:

Office Space - HP is working to identify facilities within the Jefferson City area for the reassignment of WP personnel, including the dispatchers mentioned above as well as other WP personnel. Also, DPS has identified state office space that can be made available for the State Fire Marshal's Office whose personnel share leased office space with the WP management.

If the current WP headquarters can be vacated by both WP and the Fire Marshal, the building's lease can be terminated, which would result in savings to GR of \$180,000 per year. The facilities next to the WP headquarters are owned by WP and would still be needed for storage and boat maintenance. These facilities can also be used for office space, possibly for dispatchers or other support personnel.

ASSUMPTION (continued)

Communications - There are 9 dispatchers currently employed by WP. It is assumed that the dispatch function needs to be integrated within HP. We anticipate no immediate cost savings, but there will be a cost of \$4,000 to move the data circuits to the dispatch towers from the current WP dispatch building. These circuits would be rerouted to another building. HP anticipates being able to accommodate these dispatchers in existing facilities. There may be some long range savings if personnel can be reduced and radio towers within the same region can be combined.

Training - Both agencies train their recruits at the Highway Patrol Academy using similar core law enforcement course work, but taught at separate times and with different instructors. By incorporating the two agencies there would be no need for separate recruit classes and each cadre will benefit from the training provided for boating and highway enforcement. (Because the academies are similar, additional training for current Water Patrol officers will be minimal).

To the extent that officers are cross-trained from WP functions to HP functions and vice-versa, there will be some increased cost.

Administration/Personnel - Support Staff Personnel - Annual cost savings of approximately \$502,000 (\$318,000 salary plus fringe) will be realized by eliminating 10 FTE support staff positions tasked with payroll, procurement, and budgeting. Those functions will be assumed by highway patrol administrative support staff, and can be assumed as early as July 1, 2010. HP has a financial management section that includes budgeting, federal grants, procurement, accounts payable/receivable, a warehouse operation, and a print shop. HP can handle all of the activity in these areas. Human resources, public information, and other support functions of HP should be able to support WP with some modifications. HP has its own hiring system and does not use the state's merit system.

Command Staff - Approximately \$660,000 (salary and fringe) in ongoing general revenue cost savings will be realized over a longer term through the attrition of redundant command staff positions and replacement with patrol officers who are assigned to highway and/or gaming duties during a portion of the year. (Currently, the water patrol has allocated 21 of their 99 officer FTE for senior level officers - 1 col, 1 lt. col, 2 majors, 9 captains, 8 lieutenants). This figure assumes that some command staff positions would remain to supervise the Water Patrol Division. Backfilling command staff positions with field officers will increase the number available for patrols.

Field Officer Assignment - As WP officers are able to transition to other HP duties during part of the winter, DPS projects that approximately 2.4 million ongoing general revenue cost savings

ASSUMPTION (continued)

will be realized by reassigning 2/3 of the transferred water patrol officers to highway or gaming duties during the off-season.

Also, WP officers currently accrue significant overtime during the summer months that officers later take as leave throughout the winter months. Having more officers available to assign to the water during the peak season (HP officers who have received cross-training) will reduce overtime and shifting assignments will provide more efficient use of those officers during the winter months.

Boater Safety Education & Training - HP assumes that WP personnel who come to the HP will continue to answer incoming calls relating to boater safety education and provide necessary boater safety training.

Revenue - Merging HP and WP, and having WP personnel partnering in HP road duties, gaming duties, and criminal duties during their off season is expected to increase the number of summons and arrests. These activities usually result in fines, which should have a positive fiscal impact to revenues for courts, fines (education revenue), and to sheriffs' and prosecuting attorneys' training funds. This will increase with time after the merger, as WP patrolmen receive more training and experience.

Until specific plans for utilizing WP officers during the winter months are developed and implemented, it is not possible to estimate the total revenues generated through increased enforcement.

Retirement/Medical: DPS defers to MOSERS and MPERS on any impact related to retirement or medical costs or savings resulting from this part of the proposal.

Consolidating the Water Patrol and Highway Patrol will result in significant cost savings to GR and enable the state more flexibility with valuable resources.

**Oversight** assumes that it can not determine if there is any retirement or medical savings or costs due to this proposal.

ASSUMPTION (continued)

In response to a similar proposal from this year (HB2417), officials from the **Missouri State Employees Retirement System (MOSERS)** state the proposed legislation would, if enacted, create a division of water patrol within the Missouri state highway patrol and transfer water patrol employees currently employed within the department of public safety to the highway patrol. As it affects MOSERS, employees who are earning creditable service under the MSEP (closed plan) or the MSEP 2000 will remain in those plans unless they elect, within ninety days of January 1, 2011, to transfer membership and creditable service to the closed plan or the Year 2000 Plan administered by the Missouri Department of

Transportation and Patrol Employees' Retirement System (MPERS). An election to transfer such creditable service to MPERS would result in the forfeiture of any rights or benefits under MOSERS.

As proposed, in the event such an election is made, MOSERS would be required to transfer to MPERS by June 30, 2011, an amount actuarially determined to equal the liability at the time of the transfer to the extent that liability is funded as of the most recent actuarial valuation, not to exceed 100%. Provisions also exist that would prevent transferring employees from participating in the Missouri Consolidated Health Care Plan (MCHCP); however, medical coverage would be provided by the state highway and transportation commission for MPERS' covered members. MOSERS' records indicate that there are presently 116 employees (23 regular state employees and 93 uniformed members of the water patrol) working for the water patrol with an estimated payroll of approximately \$545,700. While we are unable to estimate the number of members that may elect to transfer their creditable service to MPERS, we do know that the contribution rate for transferring members would increase from 13.81% of payroll under MOSERS to 39.46% under MPERS (for non-uniformed members) and 49.53% (for uniformed members), respectively.

Officials from the **Missouri Department of Transportation and Highway Patrol Employee's Retirement System (MPERS)** state they have been informed by the officials of the Department of Public Safety that there are approximately 9-Radio Operator positions and 93-Uniformed Water Patrol members that will be included in the transfer. It is our understanding that the estimated payroll for this group is approximately \$6,167,136 per year. Today, under MOSERS, the entire group has a contribution rate of 13.81% plus .55% of payroll for disability insurance resulting in annual contributions from General Revenue of \$885,601. Under the proposed legislation, the members of the group would be given an election to stay in MOSERS or come to MPERS. If the entire group elected to come to MPERS, the contributions would increase substantially because MPERS' rates are considerably higher (for FY2011, the rate is 39.46% for the civilian group and 49.53% for the uniformed group). Using the same payroll of \$6,167,136,



ASSUMPTION (continued)

annual contributions to MPERS would be in the range of \$3,012,342. This would represent an increase in contributions from General Revenue of \$2,126,741 if the entire group elected to come to MPERS.

Because the bill stipulates that members have the option to choose between MOSERS and MPERS, we have no way of predicting how many people would elect to come to MPERS. However, if even one member elected to move over, General Revenue would be impacted.

Based on the response from the Department of Public Safety, **Oversight** assumes there could be unknown potential costs as well as potential savings from the change outlined in the proposal. Within the budget for FY 2010, 52% of the funding for the Water Patrol (\$5,474,890 of \$10,620,363) is from the General Revenue Fund, while 69% of the funding for the Highway Patrol - Enforcement Program (\$68,197,001 of \$99,244,231) is from State Highways and Transportation Department Fund. Therefore, Oversight assumes there could be savings and or additional costs within various funds, including the two mentioned above, as well as Federal Funds and the Missouri State Water Patrol Fund. For fiscal note purposes, Oversight will reflect a potential savings and potential costs to General Revenue and Highway Funds.

Section 104.810 allows employees of the Missouri State Water Patrol to elect to move retirement from the Missouri State Employees Retirement System (MOSERS) to the Highways and Transportation Employee's and Highway Patrol Retirement System (MPERS) within 90 days of January 1, 2011. **Oversight** does not have a basis to how many of the 127.5 FTE Water Patrol employees will make this election. The contribution rate for MPERS, as stated by MOSERS, is 39.46% or 49.53% (compared to 13.81% for MOSERS), therefore, the state would incur additional costs for those employees electing to be covered under the MPERS plan.

**Section 67.2000:**

In response to a similar proposal from this session (SB 700), officials from **DeKalb County** estimated the fiscal impact of the above-referenced bill for fiscal years 2009, 2010 and 2011 to be as follows:

- Revenues: Revenues for 2009 are final as this is the 12th month of the year. One-fourth is \$157,260. Revenues for 2010 estimated at \$150,000 and the same for 2011. I did not include an increase in Sales Tax for the 2010 and 2011 as it has declined from 2008 and I do not anticipate an increase in Sales Tax in the future.
- Costs: Holding hearings for the establishment of this district would incur the expense of publication of hearing notices in the local newspapers. This expense would be

ASSUMPTION (continued)

approximately \$600 per newspaper with three newspapers to publish the hearing notice. Total expense estimated to be \$1,800. The expense of holding a County wide election is estimated to be \$8,000. If the issue passes and a board is appointed, the expense of their actual and necessary expenses would occur. This is estimated to be \$4,000 per year. This board would have to have Errors and Omissions Insurance with an estimated cost of \$5,000 per year.

In response to a similar proposal from this session (SB 700), officials from **Daviess County** assumed they would incur election costs of \$12,060 in FY 2011 as a result of this proposal.

**Oversight** assumes this proposal is permissive and would require voter approval before any fiscal impact would be realized by the state or the new district. If the governing body of the county approves the creation of an Exhibition Center and Recreation Facility District and the voters within the district approve a sales tax to operate the district, the Department of Revenue would collect the sales tax and would withhold a 1% collection fee. The collection fee would be deposited in the State's General Revenue Fund. If the counties attempt to establish a district, they would realize the cost of an election, which is required to establish a district, and the district would realize income generated by the sales tax, and would have costs related to the operation and maintenance of the district. All amounts of income and costs are indeterminable and based upon the desire and action taken to set up such a district.

**Section 67.314:**

In response to a similar proposal from this year (HB2218), officials at the **Francis Howell School District** assume the proposed legislation imposes no dollar limit on projects that require competitive bidding. For Francis Howell, the estimate that the proposed legislation would add (conservatively) \$15,000 in costs for advertising in the newspaper, since many of our projects fall under the current \$15,000 requirement for public notice in a newspaper and competitive bids. Further, there is a cost associated with the additional time spent in public bid openings for the numerous small projects we do throughout the year. The School estimates that (conservatively) the district would expend \$25,000 in staff time (secretarial, accounting, management) based on the additional work imposed by the proposed legislation.

Officials at the **City of Centralia** assume this section would add an estimated \$2,730 per year in advertising expenses.

No other City, County or School responded to **Oversight's** request for fiscal impact. **Oversight** assumes that due to the number of local political subdivisions affected by this proposal that the impact to the locals would be Unknown but over \$100,000 per year.

ASSUMPTION (continued)

**Section 92.715:**

Officials at the **City of Centralia** states the increases in interest/penalties for delinquent taxes might add as much as \$4,600 in extra revenue per year.

**Section 135.950:**

Officials from the **Department of Economic Development (DED)** state the proposed legislation creates new certified industrial zones.

DED states they anticipate an increase in the amount of zones that will be approved and therefore anticipates an increase in the workload. Based on that increase, an additional FTE would be needed in the Business and Community Services Division. This FTE would be an Economic Development Incentive Specialist III and would be responsible for reviewing the project plan applications to make sure they meet the criteria of the program and conducting random audits to ensure compliance with the program. The related costs for these FTE include one-time expenditures for systems furniture, side chairs, file cabinets, calculators and telephones and recurring costs for office supplies, computers, professional development and travel

**Oversight** assumes DED's estimate of expense and equipment cost for the new FTE could be overstated. If DED is able to use existing desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2011 could be reduced by roughly \$6,000.

**Oversight** will assume DED could absorb the administration of this proposal until a certain number of new certified industrial zones are created. Therefore, Oversight will range the fiscal impact to DED from \$0 to the anticipated cost of the FTE.

**Section 135.969:**

Officials from the **Department of Revenue (DOR)** assume this section creates a refundable credit to be applied to Chapter 143

- One (1) Revenue Processing Technician I (Range 10, Step L) per 6,000 credits claimed

Adjustments to the credit to offset delinquent taxes could increase the number of contacts.

- One (1) Tax Collection Technician I (Range 10, Step L) for every additional 24,000 contacts on the non delinquent tax line

ASSUMPTION (continued)

- One (1) Tax Collection Technician I (Range 10, Step L) for every additional 15,000 contacts on the delinquent tax line
- One (1) Revenue Processing Technician I (Range 10, Step L) for every additional 4,800 contacts in the tax assistance offices

Corporate tax: this section creates a new tax credit to be applied to Chapter 143 taxes.

- One (1) Revenue Processing Technician I (Range 10, Step L) for every 6,000 additional tax credit redemptions

**Oversight** assumes there would be a limited number of entities eligible for this sales and use tax exemption and that DOR could absorb the additional workload with existing resources. If this proposal created a significant unanticipated increase in the DOR workload, or if multiple such proposals were implemented, resources could be requested through the budget process.

**Section 137.115:**

Officials from the **Missouri State Tax Commission** state Section 137.115 has been amended. This section establishes two new subclasses of tangible personal property. It sets forth how the property shall be assessed and valued for the purposes of taxation.

Section 137.115 (7) provides for tools and other machinery and equipment located that can be used by a company within an enhanced enterprise zone to be assessed at one-half of one percent. This property is currently being assessed at 33 1/3 % of its value. This will result in an unknown loss of revenue to the local political subdivisions. The State Tax commission does not have any information on the current value of this property.

Section 137.115 (8) provides for certain commercial motor vehicles powered only by a battery-generated electrical energy to be assessed at seventeen percent of its value. This property is currently being assessed at 33 1/3 % of its value. This will also result in a unknown loss of revenue to the local political subdivision. Again the commission does not have any information on the number or current value of such new vehicles.

**Section 144.019:**

Although they did not respond to our request for information, officials from the **Office of Administration, Division of Budget and Planning (BAP)** assumed that a similar proposal (HB 2048, LR 4879-01) would not result in additional costs or savings to their organization. BAP officials noted that the proposal would add definitions to sales tax statutes regarding sales for

ASSUMPTION (continued)

resale, and assume the proposal would have a significant impact on general and total state revenues. BAP deferred to the Department of Revenue for an estimate of the impact.

In response to a similar proposal from this session ( HB1442), officials from the **Department of Natural Resources (DNR)** assume this proposal would make certain purchases made for resale exempt or excluded from sales and use tax if the subsequent sale is taxed in the state or another state, is for resale, is excluded from tax, is subject to tax but is exempt, or is exempt in another state where the subsequent sale occurs.

The proposal would clarify that operators of amusement parks and places of entertainment or recreation, including games or athletic events, must charge sales taxes on the amount of gross receipts charged for admission, but any subsequent sale of the admissions or seating accommodations would not be subject to sales tax. This proposal would clarify that operators of hotels, motels, taverns, restaurants, drugstores, dining cars, or tourist camps must charge sales taxes on the amount of gross receipts charged for all rooms, meals, and drinks furnished at the establishment, but any subsequent sale of those same rooms, meals, and drinks would be exempt from sales tax.

Adding exemptions from sales tax would decrease the amount of funding available in the Parks and Soils Sales Tax Funds. These funds have been used for the acquisition and development, maintenance and operation of state parks and historic sites and to assist agricultural landowners through voluntary programs.

The proposal contains an emergency clause.

Officials from the **Department of Revenue (DOR)** assume this proposal would codify several tax exemptions, and substantially decrease total state revenue compared to the current state of the law.

Tangible personal property sales.

This proposal would make a purchase of tangible personal property or taxable service for resale exempt, or excluded from sales tax, if the subsequent sale is taxed in Missouri or any other state; is for resale; is excluded from tax under current provisions; is subject to tax but exempted under current provisions; or is exempt in another state.

ASSUMPTION (continued)

Admission ticket sales.

This proposal would require the operator of a place of amusement to charge sales tax on the amount it receives for admissions or seating accommodations. A subsequent sale of such admission or seating accommodation would not be subject to sales tax, but the proposed language would not apply if the purchaser is exempt under current provisions.

Hotel and restaurant sales.

This proposal would require the operator of a hotel or restaurant to charge sales tax on the amount it receives for rooms or meals. A subsequent sale of room or meal would not be subject to sales tax, but the proposed language would not apply if the purchaser is exempt under current provisions.

DOR officials assume this proposed language would result in revenue reductions in excess of \$100,000 per year; however, since DOR is unable to track exempt and excluded sales, a more specific estimate of the impact is not available.

**Oversight** will indicate an impact in excess of \$100,000 per year to the General Revenue Fund and to local governments. Since the sales tax rates for other state funds which receive sales tax revenues are lower than for the General Revenue Fund, Oversight will indicate unknown losses for those funds. Further, since the proposal includes an emergency clause, a full year's impact would be expected for FY 2011.

**Section 144.030:**

In response to a similar proposal from this session ( HB1442), officials from the **Department of Natural Resources (DNR)** assume this proposal would create state and local sales tax exemption on utilities sold by a sports authority and consumed in connection with the operation of a sports complex leased to a professional sports team.

The divisions's Parks Sales Tax Fund is derived from one half of one-tenth of one percent (.05%) sales and use tax pursuant to Section 47 (a) of the Missouri constitution. Therefore, any additional sales and use tax exemption will be a loss to the Parks Sales Tax Fund. It is difficult to determine the amount of sales of utilities to be exempted under this proposal; therefore, the impact to the Division of State Parks is unknown.

ASSUMPTION (continued)

Officials from the **Department of Conservation (MDC)** assumed this proposal would exempt from sales tax any utilities sold by a sports complex authority and ultimately consumed by NFL or MLB teams.

MDC states this proposed legislation would appear to have a negative fiscal impact on MDC funds. However, MDC is unable to estimate an accurate cost to the Department and will rely on DOR to make that calculation.

**Section 144.054 & 144.055:**

In response to a similar proposal from this year (SB823), officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume there would not be any additional costs or savings to their organization as a result of this proposal.

This proposal would provide a sales tax exemption for certain inputs of production used by data storage facilities. These firms fall under NAICS 518210 or 519130. Officials at DED report there were 377 MO firms in these NAICS codes in autumn of 2009. The proposal would reduce general and total state revenues and local revenues by an unknown amount. BAP notes that, according to Department of Revenue taxable sales data, roughly 0.33% of total taxable sales were made by the 488 firms in SIC Code 737, Computer and Data Processing. Assuming this figure serves as a rough estimate for the exempted inputs in the proposal, then sales tax revenues may fall by the same amount.

Revenue impacts (\$ millions) might be:

Fund	FY 2009 Sales Tax	Estimated Loss
General Revenue	\$1,883.70	\$6.22
School District Trust	\$728.40	\$2.40
Conservation Commission	\$96.60	\$0.32
Parks, and Soil and Water	\$77.30	\$0.26
	\$2,786.00	\$9.20

**Oversight** notes that this proposal may not limit the exemption to entities primarily identified in the selected economic activity codes, since entities primarily engaged and defined in other

ASSUMPTION (continued)

economic activity codes could likely claim the exemption for activities defined in the proposal. Also, entities in the defined codes would likely make purchases not subject to the proposed exemption.

Officials from the **Department of Highways and Transportation** state the Department anticipates a negative impact. The Department concurs with the Department of Revenue.

Officials from the **Department of Conservation** (MDC) assume this proposal would authorize a state and local sales and use tax exemption for data storage.

MDC officials stated that this proposal could have a significant negative fiscal impact on MDC funds which could exceed \$100,000 annually. However, MDC is unable to provide an exact amount and will rely on DOR for the fiscal impact of this legislation.

In response to a similar proposal from this year (SB823), officials from the **Department of Natural Resources** (DNR) stated that this proposal, if enacted, would provide state and local sales and use tax exemptions for all utilities, machinery, and equipment, used or consumed in data storage.

The Department's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Any additional sales tax exemption would be an unknown loss to the Parks and Soils Sales Tax Funds. Adding exemptions from sales tax would also have a negative effect on total state revenue. Exempting sales tax for the purposes described in this proposal would decrease the amount of funding available in the Parks & Soils Sales Tax Funds for long term operation of state parks and historic sites and assistance to agricultural landowners through voluntary programs.

DNR officials provided an estimate of unknown revenue reductions for the General Revenue Fund and the Parks and Soils Sales Tax Fund.

Officials from the **Department of Revenue** (DOR) assume this proposal would create additional exemptions from sales taxes for all utilities, machinery, and equipment used in data storage. DOR Collections and Tax Assistance would anticipate additional contacts due to this exemption, and estimated that one FTE Revenue Processing Technician I (Range 10, Step L) would be required for every additional 24,000 contacts annually to the registration section, and one FTE Revenue Processing Technician I (Range 10, Step L) would be required for every additional 4,800 contacts annually to the tax assistance offices.



ASSUMPTION (continued)

In summary, DOR officials submitted an estimate of the cost to implement this proposal including two additional employees with benefits, expense, and equipment totaling \$79,301 for FY 2011, \$84,162 for FY 2012, and \$86,689 for FY 2013.

**Oversight** assumes there would be a limited number of entities eligible for this sales and use tax exemption and that DOR could absorb the additional workload with existing resources. If this proposal created a significant unanticipated increase in the DOR workload, or if multiple such proposals were implemented, resources could be requested through the budget process.

In response to a similar proposal from this year (SB823), officials from **Cass County** assumes the potential fiscal impact of this proposal would range from \$0 to Unknown since the county general revenue fund is based solely on sales tax revenues.

In response to a similar proposal from this year (SB823), officials from the **Parkway School District** assume the proposal would have an unknown, but probably minimal impact on their organization.

**Oversight** will indicate an unknown loss to those state funds which receive sales and use tax revenues, and to local governments.

**Section 260.205:**

In response to a similar proposal from this year (HB2371), officials from the **Department of Natural Resources (DNR)** assume this proposal would require the DNR to establish minimum design, siting, operation, inspection, monitoring, financial assurance, and closure requirements by regulation for all material recovery facilities. The Department would be allowed to establish different requirements depending on the nature and content of the solid waste streams processed by the facility, the degree of automation to be used in the processing and recovery activities, the amount and type of nonrecyclable wastes remaining after resource recovery, and other factors as determined by the department.

Until the material recovery facility regulations have become final and effective, this proposal would prohibit the Department from issuing any permit to construct or operate a material recovery facility unless the facility processes only solid waste collected as part of a source-separated or single-stream residential, commercial, or industrial recycling program.

ASSUMPTION (continued)

The Department would need to complete the rulemaking process including meetings with stakeholders to amend and potentially add new sections which may address different regulatory requirements depending on the nature and content of materials accepted by the material recovery facility. The rulemaking process routinely takes 18 to 24 months to complete.

The Department assumes that the necessary rulemaking process could be accomplished without additional resources.

**Section 260.247:**

Officials from the **City of Kansas City** assume this proposal would have a negative impact on the city. Kansas City will lose an estimated minimum \$23.6 million over five years if this bill passes. The losses would be as follows:

- Lost Revenue of Recyclables: \$14.5 million
- Lost Composting Savings: \$ 1.3 million
- Lost Collection Efficiency: \$ 1.3 million
- Increased Landfill Disposal Cost \$ 6 .5 million

In response to a similar proposal from this year (HB2472), officials from the **Public Water Supply District #2 of St. Charles County** state they have no comment in regards to this proposal.

**Oversight** assumes no city or political subdivision may begin ownership or operation of a solid waste reprocessing facility where solid waste processing is currently handled by a private entity until at least five years from notifying the private entity of its intent to begin operation. Should the city or political subdivision notify the private entity of its intent to begin operation, the fiscal impact would be beyond the scope of the fiscal note; therefore, Oversight will reflect no state or local fiscal impact.

**Section 303.025.1 & 303.080:**

Officials from the **Department of Revenue (DOR)** assume this section includes nonresidents which will require DLB to impose a mandatory insurance suspension on uninsured nonresidents pursuant to Section 303.025, and to certify the suspension to the nonresident's licensing state.

- Modifications to MODL programs and suspension notices will require DLB staff to complete the program design, internal testing and implementation phases. DLB estimates this will require a total of one month of overtime as follows:

ASSUMPTION (continued)

- Admin. Analyst I – 168 hrs. per mo. @ \$24 (1 ½) per hr. = \$4,032
- Mgmt. Analyst Spec. II – 168 hours @ \$23 per hr. = \$3,864
- Revenue Band Mgr. I – 40 hours @ \$30 per hr. = \$1,200
- Total Overtime Expense = \$9,096
  
- Updating the Department's website, procedure manuals and the Missouri Driver Guide will be completed by
  - 2 – Management Analysis Specialist I (for forms and Internal Procedure development)
    - 40 hours @ \$20.13 = \$805.20 x 2 = \$1,610.40
  - 1 – Administrative Analyst III (for web page updates)
    - 10 hours @ \$21.79 = \$217.80
  - Increases the number of mandatory insurance suspension notices generated by 399, according to the FY09 number of uninsured nonresidents. Assuming 33% of those would be reinstated, an additional 132 reinstatement notices will generate. DLB will incur costs for printing of the additional 399 suspension notices and 132 reinstatement notices (531), as well as the envelopes and postage for these additional notices.

Expenses	Units	Unit Cost	FY11(10 mos.)	FY12	FY13
Postage	531	.44	\$195	\$234	\$234
Notices	531	.03	\$13	\$16	\$16
Envelopes	531	.04	\$18	\$21	\$21

Note: This does not account for 3% inflation per year.

- If volumes of accident reports increase as a result of this legislation, additional FTE will need to be hired.

Section 303.025.2 requires nonresident vehicle owners to maintain financial responsibility which conforms to the requirements of the laws of the nonresident's state of residence.

- DLB staff will be required to research the laws of each state to determine the limits of liability and acceptable proof of financial responsibility of each state. This will be required on compliance documents received from nonresidents involved in a motor vehicle accident.

ASSUMPTION (continued)

- The new compliance procedures and training materials will be researched and prepared by the Revenue Section Supervisor during the implementation phase using 40 hours of overtime.
- Revenue Section Supv – 40 hours @ \$20 per hr. = \$800

**Section 304.894:**

Officials from the Department of Revenue (DOR) assume two new conviction codes will need to be created to allow DLB to post violations of 304.894 that are received.

- One code will be created for Endangerment of an emergency responder – 4 points assessed.
- One code will be created for Aggravated Endangerment of an emergency responder – 12 points assessed. This twelve point conviction will create a revocation of driving privilege.

There are no statistics available to determine how many additional convictions the DOR may be required to process based on the new convictions under 304.894.

Officials from the **Department of Revenue (DOR)** assume the following Administrative Impact for all the provisions in the proposal:

DOR assumes one FTE can process 320 convictions per day. DOR assumes that a minimum of 1 FTE will be needed to process the additional convictions resulting from the four new violation codes (Sections 302.302 and 304.894). If the volume of convictions received for processing exceeds 320 per day, then additional FTE will be required and will be requested through the appropriation process.

There are no statistics available to determine the volume of phone calls that may be received; however, currently a Telephone Information Operator is required to handle 100 calls per day. DOR assumes that a minimum of 1 FTE will be needed to answer the additional phone calls on the four new convictions (Sections 302.302 and 304.894). If the calls received for driving using a wireless device exceeds 100 calls per day, then additional FTE may be required and will be requested through the appropriation process.

ASSUMPTION (continued)

DOR is unable to determine how many additional suspensions/revocations will be imposed because of the four new conviction codes (Sections 302.302 and 304.894) and, therefore, DOR is unable to determine the forms and postage costs for issuing the these notices.

1 FTE Revenue Processing Tech (at \$25,380 per year) – Processing additional four convictions relating to this fiscal note.

1 FTE Telephone Information Operator (at \$25,380 per year) – Answer telephone calls related to the additional four convictions.

Modifications to MODL programs will require DLB staff to complete the program design, internal testing and implementation phases. DLB estimates this will require a total of one month of overtime as follows:

- Admin. Analyst I – 168 hrs. per mo. @ \$24 (1 ½) per hr. = \$4,032
- Mgmt. Analyst Spec. II – 168 hours @ \$23 per hr. = \$3,864
- Revenue Band Mgr. I – 40 hours @ \$30 per hr. = \$1,200
- Total Overtime Expense = \$9,096

Updating the DOR's website, procedures, and forms will be completed by one Administrative Analyst III, in 1-2 hours during regular business hours.

DOR assumes the following OAIT Information Technology cost for all the provisions in the proposal:

The IT portion of the fiscal impact is estimated with a level of effort valued at \$8,480. The value of the level of effort is calculated on 320 FTE hours.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the Revenue Processing Tech I and Telephone Information Operator I to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

**Section 306.185:**

In response to a similar proposal from this session ( HB1205), officials from the **Office of Administration – Division of Budget and Planning (B&P)** assume the deletion of section 306.185.5 may have a negative impact on general revenue because the state's general revenue did

ASSUMPTION (continued)

not increase by two percent or more in 2009, the revenues previously deposited in the Water Patrol Fund are currently being deposited into the General Revenue Fund. In Fiscal Year 2009, \$2,309,982 was deposited in the Missouri State Water Patrol Fund. B&P defers to Department of Public Safety for a specific estimate on the impact to the General Revenue Fund.

In response to a similar proposal from the current session (HB 1736, LR # 4557-01), officials from the **Department of Public Safety – Missouri State Water Patrol (MSWP)** stated the funds provided by the underlying statute pay one third of the Water Patrol enforcement personnel salaries and benefits. Currently the statute requires that funds be diverted to General Revenue if state revenue falls below 2% growth in a given year. This poses two issues:

- Up to 1/3 of MSWP's uniformed officers would be terminated if the funding isn't obtained through a supplemental appropriation.
- If MSWP terminates those officers, the training costs of replacement officers is over \$50K each.

The receipts into the Missouri State Water Patrol Fund (400) for the past two fiscal years has been \$2,720,601 in FY 2008 and \$2,366,532 in FY 2009. Oversight assumes the determination if the previous year's general revenue collections increased by 2 percent or more are made each year. Therefore, **Oversight** will assume a potential fiscal impact to the Missouri State Water Patrol Fund and the General Revenue Fund of \$2.5 million (roughly the average of the receipts from FY 2008 and FY 2009) each year. Oversight will range the fiscal impact from \$0 (no transfer would have taken place even if the language was still present in Section 306.185) to a savings to the Missouri State Water Patrol Fund (and corresponding loss to the General Revenue Fund) of \$2.5 million.

According to the Office of the State Treasurer, the balance of the Missouri State Water Patrol Fund as of January 31, 2010 was \$1,895,869.

**Section 566.135:**

Officials from the **Department of Public Safety** assume that the costs of paying for tests under this proposal could, and most probably will, exceed \$100,000.

A routine urine culture can start at \$67.00. If tests would require checking for all STD's which could be in the range from \$320.00 for two tests up to \$1,300.00 for HIV, Hepatitis, Chlamydia, Gonorrhea, and other panels that a physician can order.

ASSUMPTION (continued)

For comparison purposes, we are basing our estimates for this fiscal note request on the fact that our Crime Victims' Compensation Program reimbursed for approximately 1,200 kits in one year. Per the bill language as it pertains to type of test run, testing will most likely run in the \$320.00 to \$1,300.00 range, thus the costs for this program could run from \$384,000.00 (1200 tests x \$320.00) to \$1,560,000.00 (1200 tests x \$1,300.00).

In addition, the Crime Victims' Compensation Program, which currently administers the SAFE Program, would incur additional costs in administering this program. Because the actual number of claims is unknown, the administrative costs are unknown but would be less than \$100,000.

**Section 650.035:**

In response to a similar proposal from this session ( HB1205), officials from the **Department of Corrections (DOC)** assume an unknown cost results from proposed § 650.035 which would allow leave of absences for defined employees in certain circumstances. DOC is unsure how often this may occur and what the resulting cost may be.

In response to a similar proposal from this session ( HB1205), officials from the **Boone County Sheriff's Department (BCSD)** assume the provisions in section 650.035 will cost the BCSD by having to pay any employee that is an FOP member of leave time to attend the organization's conference. This cost would be the hourly rate of the employee for 8 hours per day for the length of the conference, times the number of employees BCSD would be forced to allow to go.

**Oversight** assumes various state and local agencies could incur increased costs as a result of the provisions in section 650.035. Oversight has reflected this cost as Unknown for each fiscal year.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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## GENERAL REVENUE FUND

### Savings - Water Patrol & Highway Patrol

Sections 36.031-58.445, 104.810,  
 301.716, 306.010-306.185, 542.261-  
 650.005

Building Lease	\$0 to \$180,000	\$0 to \$180,000	\$0 to \$180,000
Administrative Savings	\$502,000	\$502,000	\$502,000
Command Staff	\$0 to \$660,000	\$0 to \$660,000	\$0 to \$660,000
Field Officer Assignment Savings*	<u>\$2,400,000</u>	<u>\$2,400,000</u>	<u>\$2,400,000</u>
<u>Total Savings</u> - WP & MSHP	<u>\$2,902,000 to</u> <u>\$3,742,000</u>	<u>\$2,902,000 to</u> <u>\$3,742,000</u>	<u>\$2,902,000 to</u> <u>\$3,742,000</u>

\*Expenses will now be paid from State Highway & Transportation Dept. and Gaming Funds.

### Costs - Department of Mental Health

Program Costs	(\$30,000)	(\$30,000)	(\$30,000)
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### Costs - Water Patrol & Highway Patrol

Sections 36.031-58.445, 104.810,  
 301.716, 306.010-306.185, 542.261-  
 650.005

Moving Expenses	(\$4,000)	\$0	\$0
Training Costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Total Costs</u> - WP & MSHP	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

### Costs - Department of Economic

Development-Section 135.950

Personal Service (1 FTE)	\$0 or (\$35,803)	\$0 or (\$44,252)	\$0 or (\$45,580)
Fringe Benefits	\$0 or (\$18,775)	\$0 or (\$23,206)	\$0 or (\$23,902)
Expense and Equipment	<u>\$0 or (\$8,983)</u>	<u>\$0 or (\$4,293)</u>	<u>\$0 or (\$4,421)</u>
<u>Total Costs</u> - DED	<u>\$0 or (\$63,561)</u>	<u>\$0 or (\$71,751)</u>	<u>\$0 or (\$73,903)</u>
FTE Change - DED	1 FTE	1 FTE	1 FTE

### Loss - Department of Revenue

Sales Tax Exemption-Sections 144.019, 144.030, 144.054	(Unknown)	(Unknown)	(Unknown)
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<u>FISCAL IMPACT - State Government</u> (continued)	FY 2011 (10 Mo.)	FY 2012	FY 2013
<u>Costs</u> – Department of Revenue-Section 304.894 & 135.969			
Personal Service	(\$69,650)	(\$48,122)	(\$49,566)
Fringe Benefits	(\$22,848)	(\$25,235)	(\$25,992)
Equipment and Expense	(\$24,693)	(\$2,349)	(\$2,420)
<u>Total Costs</u> – DOR	<u>(\$117,191)</u>	<u>(\$75,706)</u>	<u>(\$77,978)</u>
FTE Change – DOR	2 FTE	2 FTE	2 FTE
<u>Costs</u> - Department of Public Safety- Section 566.135			
Program Costs	(Unknown Greater than \$100,000)	(Unknown Greater than \$100,000)	(Unknown Greater than \$100,000)
<u>Costs</u> – Various State Agencies			
Paid employee leave (\$650.035)	(Unknown)	(Unknown)	(Unknown)
<u>Losses</u> – potential of transfer from the Missouri State Water Patrol Fund no longer allowed with deletion from Section 306.185.			
	<u>\$0 or</u> <u>(\$2,500,000)</u>	<u>\$0 or</u> <u>(\$2,500,000)</u>	<u>\$0 or</u> <u>(\$2,500,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
*Oversight assumes total cost will exceed total savings.			
Estimated Net FTE Change for General Revenue Fund	3 FTE	3 FTE	3 FTE

FISCAL IMPACT - State Government  
 (continued)

FY 2011  
 (10 Mo.)

FY 2012

FY 2013

**STATE HIGHWAYS AND  
 TRANSPORTATION DEPARTMENT  
 FUND**

Income – Department of Revenue

Reinstatement Fees (§§304.820 &  
 304.894)

Unknown

Unknown

Unknown

Cost - Water Patrol & Highway Patrol  
 Sections 36.031-58.445, 104.810,  
 301.716, 306.010-306.185, 542.261-  
 650.005

(\$1,200,000)

(\$1,200,000)

(\$1,200,000)

**ESTIMATED NET EFFECT TO THE  
 STATE HIGHWAYS AND  
 TRANSPORTATION DEPARTMENT  
 FUND**

Unknown to  
(\$1,200,000)

Unknown to  
(\$1,200,000)

Unknown to  
(\$1,200,000)

**GAMING FUND**

Income - Water Patrol & Highway Patrol  
 Sections 36.031-58.445, 104.810,  
 301.716, 306.010-306.185, 542.261-  
 650.005

\$1,200,000

\$1,200,000

\$1,200,000

Cost - Water Patrol & Highway Patrol  
 Sections 36.031-58.445, 104.810,  
 301.716, 306.010-306.185, 542.261-  
 650.005

(\$1,200,000)

(\$1,200,000)

(\$1,200,000)

**ESTIMATED NET EFFECT ON  
 GAMING FUND**

\$0

\$0

\$0

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2011 (10 Mo.)	FY 2012	FY 2013
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**SCHOOL DISTRICT TRUST FUND**

<u>Loss</u> - Department of Revenue Sales Tax Exemption-Section 144.019, 144.030, 144.054	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>
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**CONSERVATION COMMISSION  
FUND**

<u>Loss</u> - Department of Revenue Sales Tax Exemption-Section 144.019, 144.030, 144.054	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>
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**PARKS, AND SOIL AND WATER  
FUNDS**

<u>Loss</u> - Department of Revenue Sales Tax Exemption-Section 144.019, 144.030, 144.054	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUNDS</b>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>	<u><b>(Unknown)</b></u>
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FISCAL IMPACT - State Government  
 (continued)

FY 2011  
 (10 Mo.)

FY 2012

FY 2013

**MISSOURI STATE WATER  
 PATROL FUND**

Savings – potential of transfer to the  
 General Revenue Fund no longer allowed  
 with deletion from Section 306.185.

\$0 or  
\$2,500,000

\$0 or  
\$2,500,000

\$0 or  
\$2,500,000

**ESTIMATED NET EFFECT ON  
 MISSOURI STATE WATER  
 PATROL FUND**

\$0 or  
\$2,500,000

\$0 or  
\$2,500,000

\$0 or  
\$2,500,000

**ROAD FUND**

Costs – Department of Transportation  
 Paid employee leave (\$650.035)

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON  
 ROAD FUND**

(Unknown)

(Unknown)

(Unknown)

FISCAL IMPACT - Local Government

FY 2011  
 (10 Mo.)

FY 2012

FY 2013

**LOCAL GOVERNMENTS**

Income - To Exhibition Center and  
 Recreation Facility District  
 (Section 67.2000)  
 -from voter approved sales tax

\$0 or Unknown

\$0 or Unknown

\$0 or Unknown

Income – Cities and Counties  
 Reinstatement Fees (§§304.820 &  
 304.894)

Unknown

Unknown

Unknown

SEC:LR:OD (12/02)

<u>FISCAL IMPACT - Local Government</u> (continued)	FY 2011 (10 Mo.)	FY 2012	FY 2013
<u>Cost</u> - To Exhibition Center and Recreation Facility District -from operation and maintenance of the district, election cost, etc. (Section 67.2000)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - Bid Procedures- Section 67.314	(Unknown over \$100,000)	(Unknown over \$100,000)	(Unknown over \$100,000)
<u>Costs</u> - Program Costs-Section 137.115	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> - Department of Revenue Sales Tax Exemption-Section 144.019, 144.030, 144.054	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> – City of Kansas City Increased law enforcement officers (\$94.577)	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> – Local governmental entities Paid employee leave (\$650.035)	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<u>Unknown to</u> <u>(Unknown over</u> <u>\$100,000)</u>	<u>Unknown to</u> <u>(Unknown over</u> <u>\$100,000)</u>	<u>Unknown to</u> <u>(Unknown over</u> <u>\$100,000)</u>

FISCAL IMPACT - Small Business

**Section 67.2000:**

Small businesses within any newly created district may have to collect and remit additional sales taxes to the Department of Revenue.

FISCAL IMPACT - Small Business (continued)

**Section 144.019:**

This proposal would define certain types of transactions as taxable or not taxable retail sales. Therefore, the proposal could have an impact to small businesses involved in the specific types of transactions addressed.

**Section 260.205:**

The Department of Natural Resources would be unable to approve permits for material recovery facilities that process solid wastes other than source-separated or solid wastes from single-stream residential, commercial, or industrial recycling programs during the 18 – 24 month period after the effective date of the proposed 260.205.23. This would prevent any business, including any small businesses, from obtaining permits and opening this specific type of material recovery processing facility during the period the department's permitting authority has been removed.

FISCAL DESCRIPTION

**Sections 36.031, 43.040, 43.050, 43.392, 44.020, 44.024, 44.045, 58.445, 104.810, 301.716, 306.010, 306.165, 306.167, 306.168, 306.185, 542.261, 544.157, 577.090, 650.005:**

This proposal transfers the Missouri State Water Patrol to the Division of Water Patrol within the Missouri State Highway Patrol.

**67.2000:**

This act allows real property owners in the Cameron School District located in Caldwell, Clinton, Daviess, and DeKalb counties to seek voter approval for the creation of exhibition center and recreational facility districts. If such a district is created, it may seek voter approval for the imposition of a one-quarter of one percent sales tax, for a period not to exceed twenty-five years, to fund the district.

**Section 67.314:**

This legislation establishes the Political Subdivision Construction Bidding Standards Act which creates standards for advertising, soliciting, accepting, and rejecting competitive bids and awarding construction contracts of \$10,000 or more for political subdivisions that are not covered by a specific federal, state, or local law that is equivalent or stricter in its requirements.

FISCAL DESCRIPTION (continued)

Regardless of any state or local law or state or federal funding requirement to the contrary, no contract for construction will be awarded in violation of the following requirements:

- (1) No bid can be opened before the advertised deadline;
- (2) No bid can be accepted unless it is sealed and in writing;
- (3) No bid can be accepted after the advertised deadline; or
- (4) All bids must be held securely and confidentially until the bids are opened in a public meeting on the date and at the time and place advertised.

A political subdivision will not be prohibited from awarding a contract without competitive bidding when deemed necessary to remove an immediate danger to public health or safety, to prevent the loss of property, or to prevent an interruption of or to restore an essential public service.

**Section 135.950:**

This bill changes the laws regarding enhanced enterprise zones. In its main provisions, the bill:

- (1) Authorizes a tax credit for up to 10 years if approved by the Department of Economic Development to a taxpayer who establishes a new business facility in a certified industrial zone approved or designated as an enhanced enterprise zone. A taxpayer who receives this tax credit cannot also receive tax credits from the new or expanded business facilities, enterprise zones, relocating a business to a distressed community, or Missouri Quality Jobs programs. To receive the tax credit, a taxpayer must employ at least seven new individuals at the new business facility and invest at least \$1 million during the taxable year in which the credit is claimed. The tax credit will be equal to 10% of the gross wages of each new employee at the facility and 5% of the investment made in the new business facility within an enhanced enterprise zone;
- (2) Allows a taxpayer to receive the tax credit for an existing facility which expands if they invest at least \$100,000 and hire at least two additional employees during the tax year in which the credits are claimed. The bill explains the manner in which the taxpayer's investment in the original facility prior to expansion must be determined;
- (3) The credits must be claimed for the taxable year in which commencement of commercial operations occurs at the new business facility and for each of the following nine years in which the credit is issued. The credits are refundable and transferable but cannot be carried forward;

**FISCAL DESCRIPTION** (continued)

(4) Requires the Department of Economic Development, prior to the issuance of any tax credits, to verify that the applicant does not owe any delinquent taxes penalties, fees, assessments, or insurance taxes. Taxpayers who are delinquent between June 15 and July 1 will be given 30 days to satisfy the delinquency. Available credits will be applied to delinquencies and any remaining credits will be issued to the applicant; and

(5) Defines "certified industrial zone" as an area of real property that encompasses at least 100 acres which has been approved by the department as a certified site; has been found by ordinance of the governing body to be blighted; and is located in a census tract which has a poverty rate at least 20% or for which the median income is less than 80% of the statewide median income or is less than 80% of the metropolitan median income for the metropolitan statistical area in which the zone is located, whichever is greater.

**Section 137.115:**

This legislation would have a change to assessment of property.

**Section 144.019:**

The proposed legislation would define certain purchases made for resale as not taxable sales at retail.

**Section 144.030:**

This bill authorizes a state and local sales and use tax exemption for any sale of utilities at cost by a sports complex authority which is ultimately consumed in the operation of a sports complex leased to professional teams affiliated with or franchised by the National Football League or Major League Baseball.

**Section 144.054:**

The proposed legislation would exempt utilities, machinery, and equipment used in data storage from state and local sales and use tax.

**Section 304.820:**

Currently, individuals 21 years of age or younger are prohibited from sending, reading, or writing a text message or electronic message from a hand-held electronic wireless communications



FISCAL DESCRIPTION (continued)

device while operating a moving motor vehicle on any highway in this state. This proposal prohibits anyone, regardless of age, from these activities.

**Section 304.892 & 304.894:**

This proposal specifies that a person will be guilty of the crime of endangerment of emergency personnel or emergency responder if, while in an active emergency zone as defined in the bill, the person: (1) Exceeds the posted speed limit by 15 miles per hour or more; (2) Commits a passing violation; (3) Fails to stop for an active emergency zone flagman or emergency personnel or fails to obey erected traffic control devices or personnel in the active emergency zone; (4) Drives through or around an active emergency zone by using any lane not clearly designated for that purpose; (5) Physically assaults, attempts to assault, or threatens to assault an emergency responder in an active emergency zone with a vehicle or other item; (6) Intentionally strikes, moves, or alters barrels, barriers, signs, or other devices erected to control the flow of traffic for any reason other than to avoid an obstacle or an emergency or to protect the health and safety of any person; or (7) Commits certain specific traffic offenses for which points may be assessed against a person's driver's license. Any person who commits the crime of endangerment of an emergency personnel or emergency responder will be fined up to \$1,000 and have four points assessed against his or her driver's license in addition to any other penalty authorized by law. If the offense results in the injury or death of an emergency responder or emergency personnel, the person will be guilty of aggravated endangerment of an emergency responder and subject to a fine of up to \$5,000 for an injury and up to \$10,000 for a death with 12 points assessed against the person's driver's license. The bill also increases the amount of the fine assessed for certain traffic violations if the violation occurred in an active emergency zone

**Section 306.185:**

This proposal removes the provision which requires moneys collected for the State Water Patrol Fund to be deposited into the General Revenue Fund if the state's net general revenue did not increase by 2% or more during the immediate previous fiscal year.

**Section 566.135:**

This proposal requires the prosecuting or circuit attorney to file a motion for the court-ordered sexually transmitted disease testing of a defendant charged with certain sexual offenses upon the request of the victim with notice given to the defense attorney. A motion can also be filed upon the prosecuting or circuit attorney's own initiative and for good cause shown with the proper notice given. The testing must occur within 48 hours of when the defendant was charged. The

FISCAL DESCRIPTION (continued)

results of the testing and any follow-up testing must be released to the victim, the victim's parent or guardian if he or she is a minor, the prosecuting or circuit attorney, and the defendant's attorney as soon as practicable. All costs of the testing are to be paid by the Department of Public Safety.

**Section 650.035:**

This proposal requires any employee of the state or any political subdivision to be given a leave of absence with pay, if the employee is a duly authorized representative of an employee organization and affiliated with the Fraternal Order of Police or the International Association of Firefighters, to attend any state or national convention of the organization. The number of representatives who are allowed to attend is specified based on the number of organization members unless negotiated otherwise by the employer and the representatives of the employee association. The leave of absence must be for a period inclusive of the duration of the convention and a reasonable travel time but cannot be for more than seven days. Upon request by the employer, a certificate of attendance must be submitted by the attending representative.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

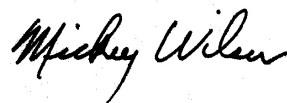
Department of Conservation  
Department of Elementary and Secondary Education  
City of Centralia  
City of Kansas City  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Health and Senior Services  
Department of Public Safety  
Missouri State Highway Patrol  
Department of Highways and Transportation  
Office of Administration-Administrative Hearing Commission  
Department of Economic Development  
Department of Mental Health  
Department of Social Services  
Department of Revenue  
Missouri Consolidated Health Care Plan

SOURCES OF INFORMATION (continued)

Missouri Department of Transportation and Highway Patrol Employee's Retirement System  
Joint Committee on Public Employee Retirement  
Missouri Senate  
Missouri State Tax Commission  
St. Louis County Government  
Jefferson City Police Department  
University of Central Missouri  
Metropolitan Community College  
Department of Corrections  
Division of Water Patrol

**Not Responding:**

**Department of Natural Resources**  
**Office of the State Courts Administrator**  
**Missouri State Governor**  
**Missouri State Auditor**  
**Office of Administration-Budget and Planning**  
**Missouri State Employee Retirement System**  
**DeKalb County**  
**Daviess County**  
**Francis Howell School District**  
**Parkway School District**  
**Public Water Supply District #2 St. Charles County**  
**Boone County Sheriff's Department**  
**Office of the Secretary of State**  
**Cass County**



L.R. No. 3342-07  
Bill No. HCS for SCS for SB 887  
Page 36 of 36  
May 3, 2010

Mickey Wilson, CPA  
Director  
May 3, 2010